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SUBJECT: NIGERIA: NATIONAL ASSEMBLY SETS CONDITIONS FOR 2009 BUDGET

REF: A. ABUJA 2365

[1](#)B. ABUJA 2225

[1](#)C. ABUJA 0882

[1](#)1. Summary. The 2009 budget seeks to limit fiscal spending because of falling revenue from the sale of crude oil. The legislature's intent to fund more projects is at odds with President Yar'Adua's cost-cutting. Also, the National Assembly is putting pressure on the executive because the 2008 budget was poorly implemented with figures ranging from 30% to 50% for execution. The wrangling between National Assembly and executive will make it unlikely for an agreement on the 2009 budget by the end of 2008 or into early 2009. End Summary.

National Assembly Conditions

[1](#)2. President Yar'Adau presented the 2.87 trillion naira (\$24.53 billion) budget for calendar year 2009 to the National Assembly (NA) on December 2, 2008 (Reftel A). The NA is reluctant to support the budget because it cuts expenditures in key areas. As a result, the NA has set a number of conditions for passage:

--- Maintaining the medium-term expenditure proposal, especially on the productive sectors whose activities affect the people's welfare.

--- The ministries, departments and agencies (MDAs) must provide detailed expenditure proposals.

--- Every capital expenditure request from MDAs must include implementation schedules and actual cash requirements for each implementation stage.

--- Comprehensive project costs must be submitted to the legislature.

Net Result

[1](#)3. Comment: The NA is flexing muscles and defending fiscal turf. The fiscal reality of lower government revenue due to falling crude oil demand and prices has not been adequately comprehended by NA members. This "learning" process will likely lead to significant delays in budget passage that may last into mid-2009. The longer it takes to agree on a budget the increased likelihood of poor budget implementation. End Comment.

[1](#)4. This message was coordinated with ConGen Lagos.

SANDERS